

124 - Department of Retirement Systems

A001 Administration

Agency management activities include executive leadership, budget, fiscal and legal services, and policy and planning support to the Governor on pension issues, personnel, and other administrative support services. The authority for the Department of Retirement Systems (DRS) is established by RCW 41.50.

	FY 2006	FY 2007	Biennial Total
FTE's	26.0	25.8	25.9
GFS	\$0	\$0	\$0
Other	\$2,523,000	\$2,583,000	\$5,106,000
Total	\$2,523,000	\$2,583,000	\$5,106,000

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Provide state financial services and resources

Expected Results

Comply with federal and state statutes, as well as fiduciary responsibilities. Maintain administrative costs at an amount that is lower than those for other public pension systems in the United States; given complexity and service levels.

Percent below the international pension administration benchmark for cost per member, for corresponding levels of complexity and service.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	25%		
	4th Qtr	25%		
2003-05	8th Qtr	25%	24%	(1)%
	4th Qtr	25%	31%	6%
2001-03	8th Qtr	25%	28%	3%
	4th Qtr	25%	44%	19%
<i>Benchmarking is performed by a third party provider. The "percent below" figure represents the difference between DRS' actual cost per member and the predicted cost per member, relative to comparable public pension administrators. (FY 06 analysis/figure anticipated in early CY 07.)</i>				

A002 Deferred Compensation Management for Public Employees

Appropriation Period: 2005-07 Activity Version: 2E - Agency recast for 06 supplemental

The Deferred Compensation Program (DCP) enables eligible public employees to defer a portion of their earnings under a series of before-tax investment plans until retirement or termination of public employment. Currently, the program has \$1.7 billion in assets and serves nearly 47,000 employees of state government, higher education, and political subdivisions. This activity also includes a supplemental retirement program serving more than 200 judges. Authority for the Deferred Compensation Plan is contained in RCW 41.50 and Section 457 of the Internal Revenue Code, while authority for the Judges program is contained in RCW 2.12.

	FY 2006	FY 2007	Biennial Total
FTE's	19.7	18.8	19.3
GFS	\$0	\$0	\$0
Other	\$1,992,000	\$1,900,000	\$3,892,000
Total	\$1,992,000	\$1,900,000	\$3,892,000

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Provide state financial services and resources

Expected Results

Increase participation in the program. Implement program changes necessitated by changes in federal law. Maintain low administrative fees. Maintain high participant satisfaction, as measured by an annual survey. Maintain industry standard record keeping for DCP participants. Maintain program compliance with federal law.

Number of new deferred compensation participants.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	3,585		
	4th Qtr	3,395	3,307	(88)
2003-05	8th Qtr	3,541	3,264	(277)
	4th Qtr	3,563	3,119	(444)
2001-03	8th Qtr	3,789	2,877	(912)
	4th Qtr	3,495	3,695	200
Target goal is based on a 10% increase of new participants above the 3-year average.				

A003 Dependent Care Program Management for Public Employees

This program enables eligible employees to set aside a before-tax portion of their compensation for reimbursement of dependent care expenses. The activity presently serves more than 1,100 public employees, with deferrals totaling \$4.6 million in Fiscal Year 2004. Authority for the program is provided by RCW 41.04.610 and Section 125 of the Internal Revenue Code.

Appropriation Period: 2005-07 Activity Version: 2E - Agency recast for 06 supplemental

	FY 2006	FY 2007	Biennial Total
FTE's	2.5	2.4	2.5
GFS	\$0	\$0	\$0
Other	\$205,000	\$208,000	\$413,000
Total	\$205,000	\$208,000	\$413,000

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Provide state financial services and resources

Expected Results

Maintain participation levels. Maintain program compliance with federal law.

A004 Member Data Services

This activity contains the unit responsible for conducting field audits of and providing training to nearly 1,300 public employers, assuring their compliance with state laws and regulations. The Employer Support Services Unit also receives and processes essential member information submitted by public employers. Authority for DRS is established by RCW 41.50.

	FY 2006	FY 2007	Biennial Total
FTE's	23.8	23.8	23.8
GFS	\$0	\$0	\$0
Other	\$1,708,000	\$1,696,000	\$3,404,000
Total	\$1,708,000	\$1,696,000	\$3,404,000

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Provide state financial services and resources

Expected Results

Obtain timely and accurate member contribution and service credit information from employers. Maintain high satisfaction ratings from employers, as measured by an annual survey.

A006 One-Time Projects

This activity contains the one-time costs associated with legislative projects approved and funded each session, which are then removed in the carry-forward level calculation process each biennium. The initial amounts for the 2005-07 Biennium reflect one-time costs associated with implementation of the Public Safety Employees' Retirement System (Chapter 242, Laws of 2004).

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	FY 2006	FY 2007	Biennial Total
FTE's	8.8	4.1	6.5
GFS	\$0	\$0	\$0
Other	\$1,636,000	\$1,173,000	\$2,809,000
Total	\$1,636,000	\$1,173,000	\$2,809,000

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Provide state financial services and resources

Expected Results

Implement projects on time and within budget.

A007 Retirement Customer Services

The Department of Retirement Systems (DRS) serves over 544,000 active, retired, and inactive members of the Public Employees, School Employees, Teachers, Law Enforcement and Firefighters, Washington State Patrol, and Judicial retirement systems. Services include determining eligibility for retirement, educating and counseling prospective retirees, processing disability and death adjustments, and computing retirement benefits, deductions, and benefit adjustments. Authority for administering the retirement systems is established in RCW 2.10, 2.12, 41.26, 41.32, 41.34, 41.40, and 43.43. DRS also must conform to legislative mandates established in RCW 28.B10, 41.44, 41.45, 41.54, and 44.44.

	FY 2006	FY 2007	Biennial Total
FTE's	117.1	117.1	117.1
GFS	\$0	\$0	\$0
Other	\$7,436,000	\$7,364,000	\$14,800,000
Total	\$7,436,000	\$7,364,000	\$14,800,000

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Provide human resources support for government agencies

Expected Results

Provide benefit services that are a constitutionally-guaranteed contract between members and the state. Provide prompt service to members, as measured by responsiveness to: walk-in customers, phone calls, and correspondence. Maintain high member satisfaction, as measured by an annual survey.

Appropriation Period: 2005-07 Activity Version: 2E - Agency recast for 06 supplemental

Answer 90 percent of incoming phone calls to Department of Retirement Systems via an automated call distributor within 30 seconds.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	90%		
	4th Qtr	90%	90.1%	0.1%
2003-05	8th Qtr	90%	93%	3%
	4th Qtr	90%	92.9%	2.9%
2001-03	8th Qtr	90%	93%	3%
	4th Qtr	90%	93%	3%
<i>Faced with projected growth in the number of retirements and the number of members, both of which produce workload increases, DRS proposes to sustain its current high standards of customer service without increases in staff.</i>				

Average number of minutes after arrival that members visiting the Department of Retirement Systems without an appointment will receive knowledgeable staff service.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	4		
	4th Qtr	4	2.08	(1.92)
2003-05	8th Qtr	4	2.21	(1.79)
	4th Qtr	4	2.29	(1.71)
2001-03	8th Qtr	4	3.58	(0.42)
	4th Qtr	4	2.06	(1.94)
<i>Faced with projected growth in the number of retirements and the number of members, both of which produce workload increases, DRS proposes to sustain its current high standards of customer service without increases in staff.</i>				

A008 Retirement Information Systems

DRS receives and manages essential information and records for members and retirees. Information services support includes database management, systems development, electronic communications support, system maintenance and troubleshooting, data collection and processing, and disbursement processing. Authority for DRS is established by RCW 41.50.

	FY 2006	FY 2007	Biennial Total
FTE's	57.4	57.2	57.3
GFS	\$0	\$0	\$0
Other	\$7,215,000	\$7,232,000	\$14,447,000
Total	\$7,215,000	\$7,232,000	\$14,447,000

Appropriation Period: 2005-07 Activity Version: 2E - Agency recast for 06 supplemental

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Improve decision support for government decision makers

Expected Results

Maintain accurate and efficient pension systems. Secure member information and data. Complete timely and accurate programming associated with legislatively mandated benefit changes, and implementation of new plans.

Average number of days to complete requests for retirement estimates.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	5		
	4th Qtr	5	4.61	(0.39)
2003-05	8th Qtr	5	3.64	(1.36)
	4th Qtr	5	3.46	(1.54)
2001-03	8th Qtr	5	3.61	(1.39)
	4th Qtr	5	5.09	0.09
<i>Faced with projected growth in the number of retirements and the number of members, both of which produce workload increases, DRS proposes to sustain its current high standards of customer service without increases in staff.</i>				

A009 Trust Fund Accounting

DRS administers retirement benefits for state and local government employees. At the end of Fiscal Year 2004, the pension trust funds contained \$44 billion in assets, with employer and member contributions for the year totaling \$644 million, and disbursements exceeding \$2 billion to more than 112,000 retirees each month. This activity contains the costs associated with all phases of accounting for the pension/trust funds, including collection of contributions, withdrawals and monthly pension disbursements, and IRS reporting. Authority for DRS is established by RCW 41.50.

	FY 2006	FY 2007	Biennial Total
FTE's	21.8	20.8	21.3
GFS	\$0	\$0	\$0
Other	\$2,707,000	\$2,906,000	\$5,613,000
Total	\$2,707,000	\$2,906,000	\$5,613,000

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Provide state financial services and resources

Expected Results

Appropriation Period: 2005-07 Activity Version: 2E - Agency recast for 06 supplemental

Provide timely and accurate pension payments to retirees, and accurate reporting to the Internal Revenue Service. Maintain industry standard record keeping for members participating the Public Employees', School Employees' and Teachers Retirement Systems Plan 3's.

Benefits paid annually in dollars (annuitants, withdrawals, Deferred Compensation and Dependent Care).				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	\$2,529		
	4th Qtr	\$2,409	\$2,355	\$(54)
2003-05	8th Qtr	\$2,188	\$2,294	\$106
	4th Qtr	\$2,000	\$2,098	\$98
2001-03	8th Qtr	\$2,250	\$1,968	\$(282)
	4th Qtr	\$1,900	\$1,935	\$35
<i>Dollars are in millions.</i>				

Appropriation Period: 2005-07 Activity Version: 2E - Agency recast for 06 supplemental

Grand Total

	FY 2006	FY 2007	Biennial Total
FTE's	277.1	270.0	273.6
GFS	\$0	\$0	\$0
Other	\$25,422,000	\$25,062,000	\$50,484,000
Total	\$25,422,000	\$25,062,000	\$50,484,000